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RECORDATION NO. 21002 ← FILED
NOV 13 '97 11-30AM

OF COUNSEL
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RECORDATION NO. 21002-A FILED
NOV 13 '97 11-30AM

RECEIVED
SURFACE TRANSPORTATION
BOARD
NOV 13 11 29 AM '97

November 13, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Master Equipment Lease Agreement, dated as of August 19, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents and three (3) copies of Equipment Lease No. Three, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are:

Lessor: MetLife Capital, Limited Partnership
10900 N.E. 4th Street, Suite 500
Bellevue, Washington 98009

Lessee: LTV Steel Company, Inc.
200 Public Square
Cleveland, Ohio 44114

A description of the railroad equipment covered by the enclosed documents is:

ninety-three (93) ore cars bearing reporting marks and road numbers LTV 3401 through LTV 3493

Mr. Vernon A. Williams
November 13, 1997
Page 2

Also enclosed is a check in the amount of \$48.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return two stamped copies of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/bg
Enclosures

NOV 13 '97

11-30AM

MASTER EQUIPMENT LEASE AGREEMENT

THIS AGREEMENT is entered into the 19th day of August 1997 between **METLIFE CAPITAL, LIMITED PARTNERSHIP** ("Lessor") whose address is 10900 N.E. 4th St., Suite 500, mailing address C-97550, Bellevue, Washington 98009 and **LTV STEEL COMPANY, INC.** ("Lessee") whose address is 200 Public Square, Cleveland, Ohio 44114.

1. Lease of Equipment

This Master Equipment Lease Agreement ("Agreement") contains general terms and conditions applying to each Equipment Lease ("Lease") between Lessor and Lessee that incorporates this Agreement by reference. The equipment or other personal property covered by each Lease, together with all components, parts, additions, accessions, attachments, substitutions therefor and replacements thereof is collectively called the "Equipment" and individually called an "Item." Each Lease will contain terms and conditions applying only to the Equipment covered by that Lease and will constitute a separate lease of that Equipment.

To accept an Item under a Lease, Lessee will sign and deliver to Lessor a Certificate of Acceptance for the Item in a form provided by Lessor. When Lessor has confirmed that all of its requirements and conditions have been met, it will promptly pay the Total Cost of the Item specified in the Certificate of Acceptance, as directed by Lessee. Lessor requirements and conditions shall include, but not be limited to, receipt from Lessee of such instruments, documents, and certifications as Lessor reasonably may request, including without limitation evidences of authority (such as corporate certificates, corporate resolutions, and partnership authorizations), evidence of insurance, purchase orders and acceptances thereof, purchase and sale agreements, and financial information and instruments and documents to implement, perfect or continue the perfection of Lessor's rights and remedies as owner and Lessor of the Equipment, including Uniform Commercial Code forms. Notwithstanding the execution, delivery or filing of any instruments or documents, it is agreed that this transaction is a lease and is not intended as security.

Following the date ("Closing Date") which is the earlier of: (i) the date Lessee gives Lessor a Certificate of Acceptance for the last Item; (ii) the Purchase Cut-Off Date; or (iii) on such other day as is mutually agreed, Lessor shall send Lessee a Closing Schedule, setting forth any adjustments to payment schedules, stipulated loss values or other matters. Such Closing Schedule and the facts and determinations set forth therein shall upon execution by Lessee and Lessor be conclusive as to the matters therein. Alternatively, in lieu of signing the Closing Schedule, Lessee may, within thirty (30) days after the Closing Schedule is sent by Lessor to Lessee, give Lessor written notice identifying any claimed error therein. Notwithstanding any such notice, Lessee shall pay all rentals as they become due. If Lessee establishes an error that affects the amount of rentals, Lessor shall give Lessee a credit for any overpayment of rentals, and Lessee promptly shall pay to Lessor on demand any underpayments. If Lessee neither signs the Closing Schedule nor gives written notice of claimed errors, the Closing Schedule shall be conclusively deemed to be accurate thirty (30) days after the Closing Schedule is sent by Lessor to Lessee.

Lessee authorizes Lessor to insert in the Lease or the Closing Schedule, dates, models, serial numbers, and other pertinent data relative to the proper identification of Equipment and/or the Lessee.

If by the "Purchase Cut-Off Date" set forth in a Lease, Lessee shall not have given Lessor written notice of acceptance of an Item, Lessor shall have no obligation to purchase the Item or to lease it to Lessee. In such event Lessee shall immediately pay all accrued Interim Rental and reimburse Lessor for all sums Lessor may have paid for or with respect to the Item and for all Lessor's costs and expenses with respect thereto, and Lessee shall indemnify and defend Lessor against and hold Lessor harmless from any and all cost, expense, loss, liability and damage that Lessor may suffer or may be asserted against Lessor by reason of Lessor's failure or refusal to purchase such Item. Any such item shall be deemed to be deleted from the Lease and no longer included as an Item of Equipment.

2. Non-Cancellable Net Lease

EACH LEASE IS A NON-CANCELLABLE NET LEASE. WHEN LESSEE SIGNS AND DELIVERS A CERTIFICATE OF ACCEPTANCE FOR ANY ITEM, ITS OBLIGATION TO PAY ALL RENT AND OTHER AMOUNTS WHEN DUE FOR THE ITEM AND OTHERWISE TO PERFORM AS REQUIRED UNDER THE RELATED LEASE IS UNCONDITIONAL, IRREVOCABLE AND INDEPENDENT. THESE OBLIGATIONS ARE NOT SUBJECT TO CANCELLATION, TERMINATION, MODIFICATION, REPUDIATION, EXCUSE OR SUBSTITUTION BY LESSEE. LESSEE IS NOT ENTITLED TO ANY ABATEMENT, REDUCTION, OFFSET, DEFENSE OR COUNTERCLAIM WITH RESPECT TO THESE OBLIGATIONS FOR ANY REASON, WHATSOEVER, WHETHER ARISING OUT OF DEFAULT OR OTHER CLAIMS AGAINST LESSOR OR THE MANUFACTURER OR SUPPLIER OF THE ITEM, DEFECTS IN OR DAMAGE TO THE ITEM, ITS LOSS OR DESTRUCTION, OR OTHERWISE. EACH LEASE IS INTENDED TO CONSTITUTE A TRUE LEASE AND NOT A SALE OF THE RELATED EQUIPMENT. TITLE TO THE EQUIPMENT WILL REMAIN WITH LESSOR AT ALL TIMES. LESSEE'S INTEREST IN THE EQUIPMENT IS LIMITED TO A LEASEHOLD.

3. Lessee's Warranties and Covenants

Lessee represents and warrants to Lessor upon execution of this Agreement and each Lease, that: (i) unless Lessee is a sole proprietorship it is a corporation, limited liability company or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and that it is qualified to do business in every jurisdiction where the failure to qualify would have a material adverse effect on Lessor's rights hereunder; (ii) it has taken all corporate, company or partnership action which may be required to authorize the execution, delivery and performance of this Agreement and each Lease; (iii) such execution, delivery and performance will not conflict with or violate any provision of its Charter or Articles or Certificate of Incorporation, By-laws, operating agreement or similar governing document, or any provisions thereof, or in the case of a

partnership, its Certificate of Partnership or Limited Partnership and its Partnership Agreement, or in the case of a limited liability company, its Articles of Organization, or result in a default or acceleration of any obligation under any agreement, order, decree or judgment to which it is a party or by which it is bound; (iv) it is not now in default under any of the same; (v) there is no litigation or proceeding pending or threatened against it which if decided adverse to Lessee's interests may have a material adverse effect on Lessee or which would prevent or hinder the performance by it of its obligations hereunder; (vi) this Agreement, each Lease and the attendant documents constitute valid obligations of the Lessee, binding and enforceable against it in accordance with their respective terms; (vii) no action by or with any commission or administrative agency is required in connection herewith; (viii) it has the power to own its assets and to transact business in which it is engaged; (ix) it will give to Lessor prompt notice of any change in its name, identity or structure; (x) each Lease will be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws; (xi) the financial statements and any other information furnished and to be furnished to Lessor are and will be true and correct as of that date; (xii) as long as any Lease is in effect, Lessee will promptly furnish Lessor with audited annual balance sheets and profit and loss statements of the LTV Corporation and any guarantor of Lessee's obligations and such other information as Lessor may reasonably request at any time concerning Lessee and its affairs; (xiii) each Item shall be personal property and in good order and condition and, unless Lessor otherwise agrees in writing, has not been used prior to the time of Lessee's execution of the Certificate of Acceptance pertaining thereto; (xiv) at all times Lessee shall, except for the purposes of maintenance and repair, keep the Equipment in Lessee's possession at the address specified in the Lease unless Lessor shall otherwise consent in writing (the only requirement with respect to rolling stock is that it remain within the continental United States); (xv) Lessee shall not cause, suffer or permit any Item to be attached or affixed to real property or improvements thereon (collectively, "Realty") unless Lessor first shall consent thereto in writing and Lessee shall have obtained from all persons having any interest in the Realty written consents in form satisfactory to Lessor which approve such attachment, waive any claims to or encumbrances upon attached Items and consent to the detachment and removal of such Items at any time by Lessor or Lessee; and (xvi) notwithstanding attachment of any Items to Realty, all the Equipment at all times shall be and remain personal property.

4. Term of Lease

The term of each Lease ("Term") shall consist of an "Interim Term" and a "Basic Term." The Interim Term shall begin on the date Lessor makes payment and shall continue until the time the Basic Term begins. The Basic Term shall begin on the Closing Date and shall continue for the length of the Basic Term set forth in the respective Lease.

5. Interim Rental

During the Interim Term, Lessee shall pay rent monthly ("Interim Rental"), on a calendar month basis, in an amount determined by Lessor by applying the "Interim Rental Rate" set forth in the Lease to portions of the Total Cost then or theretofore expended by Lessor, for the number of days such sums are outstanding during such calendar month. Lessee shall pay Lessor each installment of Interim Rental on the fifteenth day after the end of such calendar month.

6. Periodic Rental

Lessee shall pay rent ("Periodic Rental") for the Basic Term in an amount calculated by multiplying the Total Cost by the Periodic Rental Rate set forth in the Lease multiplied by the number of periods constituting the length of the Basic Term. Lessee shall pay installments of Periodic Rental to Lessor in accordance with the payment schedule set forth in the Lease.

7. Late Payment

If any installment of rent or other sum owing under the Lease shall not be paid when due and shall remain unpaid for ten (10) days, Lessee shall pay Lessor a late charge equal to five percent (5%) of the amount delinquent, but in no event at a rate greater than limited by any applicable law. Such late charge is in addition to and not in lieu of other rights and remedies Lessor may have.

8. No Lessor Equipment Warranties

LESSOR LEASES THE EQUIPMENT AS-IS AND EXPRESSLY DISCLAIMS AND MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION, DESIGN, QUALITY, CAPACITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF, OR ANY OTHER MATTER, CONCERNING THE EQUIPMENT. LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT) IT MAY HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY OR RELATING TO THE EQUIPMENT. LESSEE HAS SELECTED OR WILL SELECT BOTH THE EQUIPMENT OF THE TYPE AND QUANTITY WHICH IS THE SUBJECT HEREOF AND THE SUPPLIER FROM WHOM LESSOR PURCHASED THE EQUIPMENT.

9. Insurance

Lessee shall maintain at all times on the Equipment, at its expense, "all-risk" physical damage insurance and comprehensive general liability insurance (covering bodily injury and property damage exposures, including, but not limited to, contractual liability and products liability) in such amounts, with such deductibles and against such risks as are customarily insured against by Lessee consistent with prudent industry practice and with financially sound insurers that are reasonably satisfactory to Lessor and which underwrite similar risks as those of the Lessee. The amount of "all-risk" physical damage insurance shall not on any date, be subject to a deductible of more than \$5,000,000, or be less than the Stipulated Loss Value of the Equipment as of such date. Each insurance policy will, among other things, name Lessor as an additional insured or as loss payee (as the case may be), and require that the insurer give Lessor at least thirty (30) days prior written notice (at the addresses for notice to Lessor set forth herein) of any cancellation of such policy. In no event shall Lessor be responsible for premiums, warranties or representations to any insurer or agent thereof. Lessee shall furnish to Lessor a certificate or other evidence reasonably

satisfactory to Lessor that such insurance coverage is in effect; provided, however, that Lessor shall be under no duty to ascertain the existence or adequacy of such insurance. So long as no Event of Default shall have occurred and be continuing, all payments from insurance proceeds or otherwise with respect to any such damage shall be paid to Lessee and used to repair such damage. Should an Event of Default have occurred and be continuing, all such payments shall be retained by Lessor until all such Events of Default have been cured and the Equipment repaired, at which time such funds shall be paid over to Lessee.

10. Lessee Tax Indemnities

(a) **General.** Lessee will pay and defend, indemnify and hold harmless Lessor and any successor, assignee or secured party of Lessor on an after-tax basis from any and all Taxes (as defined below) on or relating to: (i) the Equipment; (ii) its ordering, purchase by Lessor, acceptance, delivery, installation, ownership, leasing, possession, maintenance, documentation, use, operation, transportation, return or other disposition; (iii) its rentals, receipts or earnings; and (iv) any Lease. "Taxes" means taxes, fees, or other governmental charges that are not based on the net income of the indemnified party, whether they are assessed to or payable by Lessee or an indemnified party, and includes without limitation: (A) franchise, business and occupation, gross receipts, sales, use, licensing, registration, titling, stamp and personal property taxes; (B) levies, imposts, duties, charges and withholdings; and (C) penalties, fines, and additions to tax and interest; provided however, that Lessee shall not indemnify Lessor and hold it harmless with respect to franchise, business, occupation or gross tax payable with regard to Lessor's business. Lessee shall not be obligated to pay any amount under this section so long as it shall in good faith and by appropriate proceedings contest the validity or the amount thereof, unless such contest would adversely affect the title of Lessor to any item of Equipment or would subject any item to forfeiture or sale. Lessee shall indemnify and hold harmless Lessor, on an after-tax basis, against any and all loss, claims, demands and expenses, including legal expenses, resulting from any such non-payment or contest.

Unless Lessor elects otherwise, Lessor will prepare and file all reports and returns relating to Taxes covered by this Section and will pay all such Taxes to the appropriate taxing authority. Lessee will reimburse Lessor for all such payments promptly on request. However, if Lessor elects, upon written notice to Lessee, Lessee will prepare and file all such reports and returns, pay all such Taxes directly to the taxing authority and deliver to Lessor reasonable evidence thereof.

Upon termination of this Lease as to any item, Lessee will, on request, advance to Lessor the amount estimated by Lessor to equal personal property taxes on the item which are not yet payable but for which Lessee will afterward become liable hereunder. Lessor will account to Lessee for such advances.

(b) **Federal Tax Indemnities.** If, as a result of any act or failure to act of Lessee, Lessor shall lose the right to claim, suffer a disallowance of or be required to recapture all or any portion of the accelerated cost recovery deductions pursuant to Internal Revenue Code Section 168 with respect to the Total Cost for property with recovery period(s) referred to in the Lease; then Lessee shall pay to Lessor on demand a sum equal to the amount of deductions or credits lost by Lessor as a result of such event, plus the amount of any interest, penalties and additions to tax payable by Lessor as a result of such event. The amount of lost deductions and credits to be paid by Lessee pursuant to this Section shall be computed by Lessor so as to cause Lessor's after-tax rate of return on investment and after-tax cash flows in respect of the Lease to equal that which would have been realized by Lessor if such event had not occurred, but without regard to whether Lessor has or would have had taxable income sufficient to use the lost deductions or credits. Lessee shall indemnify and hold harmless Lessor from and against any and all taxes, assessments and other charges imposed upon Lessor under the laws of any federal, state, local or foreign government or taxing authority, as a result of any payment made by Lessee pursuant to this Section 10. For purposes of this subsection, a loss shall occur upon receipt by Lessor of an IRS audit letter or similar notification disallowing the tax benefits herein described.

In the event that Lessee disagrees with the IRS audit letter, and Lessee delivers to Lessor an opinion of counsel in form reasonably acceptable to Lessor to the effect that there is a reasonable basis for contesting the disallowance, provided that the amount in dispute exceeds \$25,000, Lessor agrees, at Lessee's expense, to contest the disallowance of the tax benefit and the resulting imposition of tax. Lessor, in its own discretion, shall have the ability to decide whether to pay the tax under protest and file an appeal for a refund, or to contest the IRS decision without first paying the tax. In the event the appeal is successful, any refund and interest received by MetLife will be paid to Lessee provided that all of Lessor's attorneys' fees, costs and expenses have been paid in full. Lessee shall have the right to consult with Lessor's tax counsel with regard to the appeal. In the event that Lessor settles the case without having first obtained the Lessee's prior written consent, then Lessee's obligations under this indemnity shall terminate. In the event that Lessor elects to pay the additional tax and sue for a refund, Lessee shall, upon demand, pay Lessor the amount of the indemnity payment required by this Lease.

11. Maintenance and Alterations

(a) Lessee, at its sole cost and expense, shall maintain the Equipment in good working order, according to customary standards and practices that Lessee employs with respect to equipment owned by it. In performing maintenance and repair, Lessee shall comply with all manufacturer's specifications and recommendations.

(b) Lessee shall have the right to make alterations, additions or improvements to the Equipment without Lessor's prior consent provided such alterations, additions or improvements (i) are necessary to comply with prudent safety standards ("Required Alterations"), or (ii) can be readily removed without adversely affecting the use, value or operation of the Equipment ("Severable Alterations"). Title to Severable Alterations shall be retained by Lessee. Lessee may remove Severable Alteration and return the Equipment to its original condition (pursuant to the terms of this Lease) at the expiration or earlier termination of the Lease. If Lessee returns the Equipment to Lessor without removing any Severable Alterations, Lessor shall have the right to either retain title to such Severable Alterations or require Lessee to remove same.

12. Use; Quiet Enjoyment

So long as Lessee shall not be in default, Lessee shall be entitled to the possession, use and quiet enjoyment of the Equipment during the Term and any Renewal Term in accordance with the terms of the Lease. Unless a purchase option is exercised, Lessee shall deliver and surrender the Equipment to Lessor at the end of the Term or Renewal Term in accordance with Section 16 hereof. Lessee warrants that the Equipment will at all times be used and operated solely in the conduct of Lessee's business in a careful and proper manner for the purpose for which it was designed and intended and under and in compliance with manufacturer's specifications and applicable laws and all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner that will not adversely affect the title of Lessor to any Equipment or subject the same to forfeiture or sale. Lessee will not permit its rights or interest hereunder to be subject to any lien, charge or encumbrance and will keep the Equipment free and clear of any and all liens, charges, encumbrances and adverse claims (except those arising from acts of Lessor). Lessor may inspect the Equipment and its maintenance records on reasonable notice and subject to Lessee's security procedures. All such inspection rights are for the sole benefit of Lessor and shall not be construed to impose any obligation on Lessor, whether or not Lessor makes any inspections or receives any reports.

13. Event of Loss

Each Lease is a net lease. Lessee assumes all risk of and shall indemnify and hold harmless Lessor from and against all damage to and loss of the Equipment from any cause whatsoever, whether or not such loss or damage is or could have been covered by insurance (an "Event of Loss"). Except as otherwise specifically provided herein, neither this Agreement nor related Lease shall terminate and there shall be no abatement, reduction, suspension or deferment of Interim or Periodic Rental for any reason, including damage to or loss of the Equipment or any one or more Items. Lessee promptly shall give Lessor written notice of any material loss or damage, describing completely and in detail the cause and the extent of loss and damage. Upon the occurrence of an Event of Loss, at its option Lessee shall: (i) repair or restore the damaged or lost Items to good condition and working order; or (ii) replace the damaged or lost Items with similar equipment of equal value in good condition and working order; or (iii) pay Lessor in cash the Stipulated Loss Value, as defined below of the damaged or lost Items. Upon Lessee's complying with the foregoing, Lessor shall pay or cause to be paid over to Lessee the net proceeds of insurance they have received, if any, with respect to such damage or loss. "Damage" and "loss" shall include damages and losses of any kind whatsoever including, without limitation, physical damage and partial or complete destruction, including intentionally caused damage and destruction, and theft. Upon payment by Lessee of the Stipulated Loss Value for an Item, along with any rent, late charges, taxes, or other amounts then due and owing, Lessor will then deliver a Bill of Sale for the Item, and Lessee's obligation to pay rent for the Item will terminate. The Bill of Sale shall transfer title free and clear of all liens, claims and encumbrances, except those arising by, through or under Lessee.

The Stipulated Loss Value of an Item as of any date shall equal a sum computed by Lessor, which shall not exceed the amount determined by multiplying the Total Cost of the Item by the Stipulated Loss Factor as set forth in the applicable Closing Schedule for the Lease year during which the loss of the Item occurs.

14. Ownership and Marking

Lessee has not and by execution and performance hereof will not have or obtain any title to the Equipment or any other interest therein except as Lessee hereunder and subject to all the terms hereof. Title to the Equipment shall at all times remain in Lessor and Lessee at its expense shall protect and defend the title of Lessor and keep it free of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. Lessee will treat this transaction as a lease for tax purposes and will not claim any credit or deduction inconsistent with Lessor's ownership of the Equipment. If Lessor supplies Lessee with labels designating its interest in the Equipment, Lessee shall affix the same to and keep them in a prominent place on the Equipment.

Notwithstanding the express intent of the parties, should a court of competent jurisdiction determine that this Agreement is not a true lease, but rather one intended as security, then solely in that event and for the expressly limited purposes hereof, Lessee shall be deemed to have hereby granted Lessor a security interest in this Lease, the Equipment, and all accessions thereto, substitutions and replacements therefor, and proceeds (including insurance proceeds) thereof, to secure the prompt payment and performance as and when due of all obligations and indebtedness of Lessee to Lessor, now existing, or hereafter created; provided however, that the foregoing shall not apply if such determination is made solely for purposes of federal tax laws and regulations.

15. Lessee's General Indemnities

Lessee will pay and defend, indemnify and hold harmless Lessor and any successor, assignee or secured party of Lessor, on an after-tax basis from and against any claim, cause of action, damage, liability, cost or expense (including but not limited to legal fees and costs) which may be asserted against or incurred in any manner by or for the account of Lessor: (i) relating to the Equipment or any part thereof, including without limitation the manufacture, construction, purchase, delivery, acceptance or rejection, installation, ownership, sale, leasing, removal or return of the Equipment, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable); (ii) by reason or as a result of any act or omission of Lessee for itself or as agent or attorney-in-fact for Lessor hereunder; (iii) as a result of claims for patent, trademark or copyright infringement; (iv) as a result of product liability claims or claims for strict liability; or (v) resulting from claims for personal injury, death or property damage.

16. Lessee Options at Expiration of Lease Term

(a) At least One Hundred Eighty (180) days before the expiration of the Term of the first Item accepted under each Lease, Lessee will give Lessor written notice electing one of the following options with respect to all (but not less than all) Items covered by the Lease, to be performed with respect to each Item at the expiration of its Term: (i) renew the Lease as to all such Items at their Fair Market Rental Value (as defined below) subject to the provisions of the next paragraph; (ii) purchase all such Items for their Fair Market Value (as defined below) on the last day of the Term; or (iii) return all such Items to Lessor in accordance with (b) below.

If Lessee purchases an Item, it will also pay all sales, use and similar taxes imposed in connection with the purchase. When Lessor receives the Item's purchase price and any such taxes, and all other amounts due under the Lease it will deliver to Lessee a Bill of Sale for the Item "AS IS - WHERE IS" without recourse to or representation or warranty by Lessor except for a warranty that the Item is free and clear of liens, claims and encumbrances created by contract by Lessor or arising out of claims against Lessor unrelated to its ownership or leasing of the Equipment.

Lessee's renewal option is for a single renewal term (the "Renewal Term") of one year unless otherwise agreed by Lessor and Lessee in writing, but is not available if an Event of Default, or an event which would become an Event of Default with passage of time or giving of notice or both, exists or if there has been a material adverse change in Lessor's sole discretion since the date of the Lease in the financial condition of Lessee or any guarantor of Lessee's obligations under the Lease. The terms and conditions under the Lease shall continue to apply to the Items during any Renewal Term except that rent payable for each Item shall be its then Fair Market Rental Value. At least one hundred twenty (120) days before the expiration of any Renewal Term, Lessee will give Lessor written notice electing one of the following options with respect to all (but not less than all) Items covered by the renewal, to be performed with respect to each Item at the expiration of its renewal term: (i) purchase all such Items for their then Fair Market Value; or (ii) return all such Items to Lessor.

Each notice delivered by Lessee required above will constitute Lessee's irrevocable agreement to perform the action elected in the notice.

(b) At the expiration of the Term or Renewal Term of each Item that Lessee does not purchase, Lessee will at its sole expense and risk de-install, pack, and crate such Items and return them to Lessor (all in accordance with industry standards and the manufacturer's recommendations and maintenance certification standards) within 500 miles to a location designated by Lessor in the good operating order and condition required under Section 11, and in the condition required in Exhibit "A" hereto, free of all liens, claims and encumbrances as provided in Section 14, together with all related plans, specifications, operating manuals, maintenance records and similar documents. If for any reason Lessee fails to return any Item as required in the condition required, Lessee's obligations under the related Lease shall continue in full force and effect on a month to month basis as to the Item and Lessee will continue to pay the current rent for the Item.

(c) The "Fair Market Value" and "Fair Market Rental Value" of any Item shall be the amount that would be paid for an Item in an arm's length transaction between an informed and willing buyer or lessee (other than a used equipment dealer) to an informed and willing seller or lessor, neither under any compulsion to buy, sell or lease. Costs of removal from the location of use shall not be deducted from such value. If Lessee has not maintained the Item to the standards required by this Agreement, Fair Market Value or Fair Market Rental Value shall be determined as though the Item had been maintained to those standards. If Lessor and Lessee have not agreed on the Fair Market Value or Fair Market Rental Value of an Item by the sixtieth (60th) day before its Term or Renewal Term expires, it shall be determined by averaging the determinations (disregarding the one that differs most from the other two) of three qualified independent appraisers, one appointed by Lessor, the second by Lessee, and the third by the first two appraisers or by a court having jurisdiction. Lessor and Lessee shall each pay the cost of its appointed appraiser and shall each pay half of the cost of the third appraiser.

17. Lessor May Perform

If Lessee at any time shall fail to pay any sum which Lessee is required by this Agreement to pay or shall fail to do or perform any other act Lessee is required by this Agreement to do or perform, Lessor at its option may pay such sum or do or perform such act, and Lessee shall reimburse Lessor on demand for the amount of such payment and for the cost and expense which may be incurred by Lessor for such acts or performance, together with interest thereon at the Default Rate from the date of demand until paid.

18. Default

(a) **Events of Default.** Each of the following shall constitute an event of default ("Event of Default"): (i) failure to perform and comply with the provisions and conditions of Section 9 hereof or to pay any sum, including installments of rental, within ten (10) days of the date when due; (ii) failure to perform and comply with any other provision or condition of this Agreement within thirty (30) days after Lessor shall have given Lessee written notice of default with respect thereto, or failure to make good, within thirty (30) days after written notice by Lessor to Lessee, any representation or warranty, whether made in this Agreement or any Lease or in any certificate, agreement, instrument or statement, including income and financial statements, which shall prove to have been incorrect in any material respect when made; (iii) the failure of Lessee generally to pay its debts as they become due in the ordinary course of business, or the filing of any application for the appointment of a receiver for a major part of Lessee's assets or the filing of any petition or application by or against Lessee under any present or future laws for the relief of debtors or for the subjection of the property of a debtor to the control of any court, tribunal or agency for the benefit of creditors, including proceedings under the Bankruptcy Code, if the proceeding commenced by such filing, if instituted against Lessee, shall not be dismissed for a period of sixty (60) days; (iv) the execution by Lessee of a general assignment for the benefit of creditors; (v) Lessee winds up, dissolves or otherwise terminates its corporate, partnership or limited liability company existence, or consolidates with or merges with or into any entity, or sells, leases or otherwise transfers substantially all of its assets to any entity, or incurs a substantial amount of indebtedness other than in the ordinary course of its business, or engages in a leveraged buy-out or any other form of corporate reorganization, including conversions to Sub "S" corporation status.

(b) **Effect on Lessor's Obligation.** Upon the occurrence of an Event of Default, Lessor shall have no further obligation to Lessee to purchase Equipment or Items or to lease any thereof to Lessee.

(c) **Remedies.**

Upon the occurrence of an Event of Default as provided above, Lessor may at its option:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Agreement and applicable Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to the Lessee terminate Lessee's right of possession of the Equipment, whereupon all rights of the Lessee to possess and use the Equipment shall absolutely cease and terminate, but Lessee shall remain liable as follows:

Upon such a termination, Lessee at its expense shall immediately redeliver the Equipment to Lessor at the location specified in Section 16 (b) hereof. If Lessee shall fail to do so, Lessor may retake possession of the Equipment by entering upon any premises at any reasonable time and thereafter Lessor may hold, possess, sell, upgrade, lease to others or enjoy the same, free from any right of Lessee, or its successors or assigns. If Lessor so retakes possession, Lessee upon demand shall reimburse Lessor for all costs and expenses relating thereto. Notwithstanding such redelivery or retaking Lessor shall have a right to recover from Lessee any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination, and also to recover forthwith from the Lessee its damages for loss of a bargain and not as a penalty, an amount equal to the higher of Fair Market Value or the Stipulated Loss Value of the Equipment as of the rent payment date on or next preceding the date of default, less:

(A) the amount Lessor in fact receives from the sale of the Equipment, after deduction of all estimated expenses of such sale (Equipment which Lessor is unable to recover shall at Lessor's option be deemed worthless); or

(B) at Lessor's election, the present value of the non-cancellable regularly scheduled rentals receivable from a subsequent lease of all or part of the Equipment entered into by Lessor (discounted at the Default Rate), and taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the Term for such Equipment.

In addition to all amounts and damages to which Lessor is entitled as set forth above, Lessee shall be liable to Lessor for all costs and expenses incurred by Lessor by reason of Lessee's breach or default. Lessee shall also be liable for interest on any of the above referenced amounts from and after the due date at the Default Rate, or the legal limit, whichever is smaller.

Lessor's costs and expenses incurred by reason of Lessee's breach or default shall include, without limitation, costs and expenses of receiving or retaking possession of the Equipment, storing, holding, transporting, insuring, caring for, servicing, maintaining and renting the Equipment or Items and collecting rents and professional fees and expenses with respect to or incurred by reason of the breach or default, including legal fees and expenses for advice and legal services in any actions or proceedings which Lessor may commence or in which Lessor may appear or participate to exercise or enforce any rights or remedies or to protect or preserve any rights or interests, including but not limited to reasonable attorneys' fees and costs incurred for representation in matters arising under the bankruptcy statutes, including relief from stay motions and motions concerning the assumption or rejection of executory contracts and leases and in all reviews of and appeals from any such actions or proceedings.

The "Default Rate" of interest shall be a rate per annum computed monthly which shall be two (2) percentage points above the prime rate, but not greater than the maximum rate, if any, limited by applicable law. The "prime rate" referred to in this Agreement shall mean the rate per annum announced by Chase Manhattan Bank, New York City, from time to time as its prime rate, whether or not such rate is applied by said bank to any then outstanding loans, changing with each announced change of such prime rate.

19. Rights Cumulative

Unless otherwise expressly provided herein, all rights and remedies of Lessor are concurrent and cumulative. The exercise or partial exercise of any remedy shall not restrict Lessor from further exercise of that remedy or any other remedy.

20. Non-Waiver

Neither the acceptance by Lessor of any payment or any other performance, nor any act or failure of Lessor to act or to exercise any rights, remedies or options in any one or more instances shall constitute a waiver of any such right, remedy or option or of any other then existing or thereafter accruing right, remedy or option, or of any breach or default then existing or thereafter occurring. No purported waiver by Lessor of any right, remedy, option, breach or default shall be binding unless in writing and signed by an officer of Lessor. A written waiver by Lessor of any right, remedy, option, breach or default shall not constitute a waiver of any other then existing or thereafter accruing right, remedy or option or of any other then existing or thereafter occurring breach or default.

21. Notices; Payments

(a) A written notice may be given: (i) by personal delivery of the same to a corporate officer of the party to whom it is directed (the "Addressee"), or to a general partner if the Addressee is a partnership, or to a member of a limited liability company, or to the owner if the Addressee is a sole proprietorship; (ii) by mailing the notice to the Addressee by first class mail, registered or certified, with postage prepaid, addressed to the Addressee at the address following its name in the opening paragraph of this Agreement or to such other address as Addressee may specify by notice in writing given in accordance with this Section; or (iii) by overnight courier service. Notice shall be effective upon delivery if sent pursuant to (i), effective three (3) days after mailing, or effective the next day if sent by overnight courier. A "business day" shall be any day that is not a Saturday or Sunday or a legal holiday.

(b) The Lessee shall make all payments to Lessor at the place where the notice is to be mailed to Lessor pursuant to (a). Payments are deemed paid when received by Lessor.

22. Assignment

(a) LESSEE WILL NOT SUBLEASE OR LEND ANY ITEM OR SELL, ASSIGN, TRANSFER OR GRANT A SECURITY INTEREST IN ALL OR ANY PART OF ITS INTERESTS IN THE EQUIPMENT OR ANY LEASE WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. Lessor's consent to an assignment, sublease, transfer, sale or grant in any one or more instances shall not impose any obligation upon Lessor to consent to any other or further assignments. Lessor's consent to an assignment, sublease, transfer, sale or grant shall not release Lessee from any obligations with respect to the Lease unless expressly so stated in the written consent. The above notwithstanding, the Lessee may assign the Lease to any affiliate of Lessee with the understanding that the Lessee shall remain primarily liable hereunder.

(b) All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to Lessee but subject always to the rights of Lessee under this Lease. If Lessee is given notice of any such assignment, Lessee shall acknowledge receipt thereof in writing. If Lessor assigns this Agreement or any Lease or the rent due or to become due hereunder or any other interest herein, whether as security for any of its indebtedness or otherwise, no breach or default by Lessor hereunder or pursuant to any other agreement between Lessor and Lessee, shall excuse performance by Lessee of any provision hereof or give rise to any defense, counterclaim or set off, with respect to Lessee's obligations under the Lease, it being understood that in the event of such default or breach by Lessor that Lessee shall pursue any rights on account thereof solely against Lessor through a claim for damages. No such assignee shall be obligated to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Agreement.

23. Survival

The representations, warranties, indemnities and agreements of Lessee, and Lessee's obligations under any and all provisions of this Agreement, shall survive the expiration or other termination of this Agreement, shall be binding upon its successors and assigns and are expressly made for the benefit of and shall be enforceable by Lessor and its successors and assigns.

24. Miscellaneous

- (a) The term "Lessor" shall mean the Lessor named herein and its successors and assigns.
- (b) Whenever the context so requires, any pronoun gender includes all other genders, and the singular includes the plural. If more than one person constitute Lessee, whether as a partnership or otherwise, all such persons are and shall be jointly and severally liable for all agreements, undertakings and obligations of Lessee.
- (c) All captions and section, paragraph and other divisions and subdivisions are for convenience of reference only and shall not affect the construction, interpretation or meaning of this Agreement or any Lease or of any of the provisions thereof.
- (d) THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF.
- (e) This Lease shall be binding upon and, except as limited in Section 22 hereof, shall inure to the benefit of Lessor and Lessee and their respective successors and assigns.
- (f) THIS LEASE CANNOT BE CANCELLED OR TERMINATED EXCEPT AS EXPRESSLY PROVIDED HEREIN.
- (g) Lessee's obligation to pay or reimburse Lessor for expenses as provided hereunder shall be limited to reasonable expenses.
- (h) LESSEE AND LESSOR EACH WAIVES FOR ITSELF AND ITS RESPECTIVE SUCCESSORS AND ASSIGNS ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY MATTER ARISING UNDER THIS AGREEMENT, ANY LEASE OR OTHER RELATED DOCUMENT.
- (i) Lessee hereby authorizes Lessor, in such jurisdictions where such action is authorized by law, to execute financing statements regarding the Equipment on Lessee's behalf or to effect recordation or filing of such financing statements without Lessee's signature thereon.
- (j) For all purposes hereof, "day" shall mean a calendar day.

25. Article 2A Waivers

If Article 2A of the Uniform Commercial Code is adopted under applicable state law and applies to this Agreement or to any Lease, then Lessee, to the extent permitted by law, waives any and all rights and remedies conferred upon a lessee by Sections 2A-508 through 2A-522 of such Article 2A, including, but not limited to, Lessee's rights to:

- (i) cancel or repudiate this Agreement or a Lease;
- (ii) reject or revoke acceptance of the Equipment;
- (iii) claim, grant or permit attachment of a security interest in the Equipment in Lessee's possession or control for any reason;
- (iv) deduct from Interim or Periodic Rental payments, or other amounts due hereunder, all or any part of any claimed damages resulting from Lessor's default, if any, under this Agreement or any Lease;
- (v) accept partial delivery of the Equipment or an item thereof;
- (vi) "cover" by making any purchase or lease of or contract to purchase or lease equipment in substitution for Equipment designated in this Agreement or any Lease; and
- (vii) obtain specific performance, replevin, detinue, sequestration, claim and delivery or the like for any Equipment identified in any Lease. To the extent permitted by applicable law, Lessee also hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use or dispose of any Equipment in

mitigation of Lessor's damages or which may otherwise limit or modify any of Lessor's rights or remedies.

26. Entire Agreement

This Agreement, applicable Leases, Certificates of Acceptance and Closing Schedules shall constitute the entire agreement between the parties and shall not be altered or amended except by an agreement in writing signed by the parties hereto or their successors or assigns.

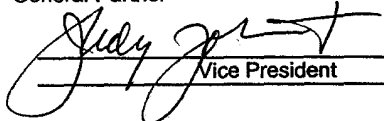
IN WITNESS WHEREOF Lessor and Lessee have signed this agreement as of the day and year first hereinabove written.

LESSOR:

MetLife Capital, Limited Partnership

By: MetLife Capital Corporation
Its: General Partner

By:
Its:



Vice President


Date Signed: _____

8-22-97

LESSEE:

LTV Steel Company, Inc.

By:
Its:



Vice President & Treasurer

By:
Its:

EXHIBIT "A"

Return Provisions: In addition to standard return provisions contained within the Lease, the following special return provisions apply:

- a. Equipment shall be clean and in good appearance. All original equipment shall be intact and in efficient working condition, normal wear and tear excepted. The Equipment will be in compliance with all laws and regulations then applicable to such Equipment.
- b. Maintenance records must accompany any returned Units.
- c. Cabs must be free of any broken glass and all initially installed options such as climate control, windshield wipers, fast fuel, etc. must be fully functional, normal wear and tear excepted.
- d. Cooling and lubrication systems shall not be contaminated or leaking between systems.
- e. Equipment shall be capable of producing its rated output without excessive oil consumption, leakage or blow-by.
- f. Undercarriage components of track equipped Equipment must have a minimum of 50% of wear surfaces remaining at the time of return.
- g. Replaceable cutting and normal wear surfaces must have a minimum of 50% of wear surfaces remaining at the time of return.
- h. If required, the Lessee will provide storage, at no cost to the Lessor, for a period not to exceed 120 days.
- i. All Equipment then on Lease will not be prepared for shipment until either a buyer is located or the 120 day storage period ends. In either event, Lessee must coordinate with the Lessor prior to initiating any disassembly.
- j. Lessee to disassemble, prepare and ship the Equipment to any location within 500 miles of where the Equipment was commonly used, as designated by the Lessor and at Lessee's expense, if Lessee elects not to purchase the Equipment.

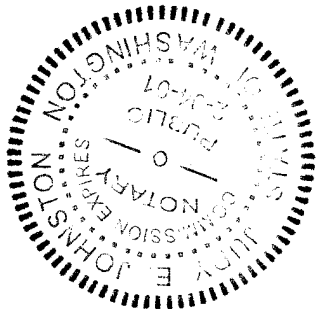
I certify that this is a true and correct copy of a document in the possession of MetLife Capital, Limited Partnership as of November 12, 1997.

By: Michele McKee

STATE OF WA

COUNTY OF King

On this 12th day of November, 1997, before me, a Notary Public, personally appeared Michele McKee to me known to be the Contract Manager of MetLife Capital, Limited Partnership, who executed the foregoing instrument and acknowledged the said instrument was the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.



Judy E. Johnston
Notary Public in and for the State
of WASHINGTON residing
at Kent

My Commission expires: 2-4-2001